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CHAPTER 6. ACC AMENDMENTS

- 6-1. PROGRAM OR PROJECT CHANGES. Any increase or decrease in the amount of contract and budget authority for an Existing Program or Moderate Rehabilitation Project must be approved on an amended List and PAD. The procedures for reservation of authority, Notification letters, Congressional notification, distribution of documents and ACC processing shall be in accordance with the procedures specified in Chapter 4.
- 6-2. ACC AMENDMENTS INCORPORATING ADDITIONAL UNITS OR CONTRACT AND BUDGET AUTHORITY.
- a. Evaluation of Applications. The application review procedures set forth in Chapter 3 shall be followed in processing subsequent PHA applications for additional units.
 - b. Additional Units for the Existing Housing Program. The Regulations provide in Section 882.119(b), that "When the PHA applies for additional units, it shall specify the number of years for which the aggregate number of units is needed and shall demonstrate such need The maximum annual contribution of the revised program shall be the sum of (1) an appropriate amount ... for the number of units prior to the revision, ... plus (2) the amount approved for the additional units which shall be computed (on the basis of the current Fair Market Rents)."
 - (1) The Field Office should recommend a new 5-year term for the ACC unless the PHA has requested a shorter term or available contract and/or budget authority and/or local situations require a shorter term.
 - (2) To determine the appropriate amount of annual contributions (AC) for the units currently under ACC, the Field Office shall use the suggested format in Appendix 13, Part I, to compute the anticipated expenses for the remaining years of the revised ACC. However, if the program has been under ACC for less than a year, the Field Office shall not utilize the format in Appendix 13, but shall consider the amount of AC previously in effect for the current units to be sufficient for the new term.
 - (3) If the sum of the AC for the current units plus the ACC Reserve Account balance is sufficient to fund these units for the new ACC term, no amendment to the previous

(6-2) List or Lists is necessary. The Field Office would process a new List for the additional units only, utilizing 100 percent of the current Fair Market Rents. The revised ACC Part I covering all of the PHA's Existing Housing units shall be for a new term starting with the effective date of the revised ACC Part I.

(4) If the sum of the AC for the current units plus the ACC Reserve Account is not sufficient to fund the units for the new term, the Field Office may not approve the additional units unless it can provide sufficient contract and budget authority for the units in the ACC. If contract and budget authority is available, the Field Office would process an amended List or Lists for the present units. The Gross Rents in Column 4 of the amended List shall reflect the per unit amounts required to provide the necessary contract authority. Budget authority would be based only on the increased contract authority multiplied by the number of years remaining in the initial 15-year calculation for these units (e.g., 100 units approved in 1976 were authorized 15 years of budget authority until 1991. If contract authority for these units is approved in 1979, budget authority for the increase would be authorized for 12 years.)

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c. Additional Units for the Moderate Rehabilitation Program.

- (1) The ACC Part I will be amended whenever the Field Office approves an additional Moderate Rehabilitation project application.
- (2) No more than two Moderate Rehabilitation projects, one for metropolitan and one for non-metropolitan contract authority, will be approved per fiscal year. Therefore, if more than one application for units utilizing metropolitan, or non-metropolitan, contract authority is approved in a single fiscal year, the List for the project initially approved in that fiscal year shall be amended to include the additional units and to increase the amounts of contract and budget authority for the project.
- (3) Budget authority for each project shall be calculated on the basis of a 15 year term (see Chapter 3 for instructions on calculating the AC amount).

(4) If a project is amended in a subsequent fiscal year to increase the maximum AC, the additional budget

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* authority will be calculated by multiplying the additional contract authority by the number of years remaining in the initial 15-year authorization of budget authority for the project. For example, if a project originally approved in 1980 was amended in 1985 to increase the maximum AC, budget authority for the additional contract authority would be authorized for 10 years.

6-3.CHANGING THE NUMBER OF UNITS, BEDROOM DISTRIBUTION, OR AMOUNT OF AUTHORITY.

a.PHA discretion in changing bedroom distribution. The ACC provides that the PHA, to the maximum extent feasible, will adhere to the number of units per bedroom size specified in the ACC. However, the PHA has limited discretion to alter the bedroom distribution without prior HUD review.

NOTE:A PHA shall promptly notify the Field Office in writing of any redistribution made not requiring HUD approval.

The PHA can issue Certificates and execute HAP Contracts for its Existing Housing Program and enter into Agreements and execute HAP Contracts for each of its Moderate Rehabilitation projects at variance with the bedroom distribution stated in the ACC, within certain limitations. The PHA may execute HAP Contracts for up to 12 units per bedroom size or 10% of the units authorized for any bedroom size in the ACC, whichever is less, for the Existing Housing Program or each Moderate Rehabilitation project, under the following conditions:

(1)The amount required for the revised distribution will not exceed the currently authorized maximum AC amount for the Existing Housing Program or each Moderate Rehabilitation project.

(2)The redistribution will not result in a change of household type (elderly, family, large family (3 BR units or larger)) in excess or 12 units for the Existing Housing Program or each Moderate Rehabilitation project.

(3)The total number of units will not increase by more than 12 for the Existing Housing Program or each Moderate Rehabilitation project after the redistribution.

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Existing Housing Program Example: A PHA with a 400 unit Existing Housing Program (100 - 1 Bedroom (BR), 100 - 2BR,

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100 - 3BR, 100 - 4BR) wishes to revise its bedroom mix because of leasing problems. Within its discretion, it could redistribute up to 10 units per bedroom size (10% of the authorized number of units by bedroom size). For example, it could redistribute up to 10 - 2BR units to 1 BR units and 10 - 4BR units to 3BR units. However, if the redistribution results in an increase of more than 12 units in household type (e.g., 10 - 3BR units to 2BR units and 14 - 4BR units to 1BR) or an increase of more than 12 units in the Program it would require HUD and local governing body approval.

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Moderate Rehabilitation Program Example: A PHA has three Moderate Rehabilitation projects: Project A with 200 units (50 - 1BR, 50 - 2BR, 50 - 3BR, 50 - 4BR), Project B with 600 units (150 1BR, 150 - 2BR, 150 - 3BR, 150 - 4BR), and Project C with 160 units (40 - 1BR, 40 - 2BR, 40 - 3BR, 40 - 4BR). The PHA wants to revise its bedroom mix because the buildings which need to be rehabilitated and the current tenant composition in the area in which the program is being concentrated do not match the authorized bedroom distribution. Without HUD approval, the PHA can redistribute up to 12 units or 10% of the authorized units per bedroom size, whichever, is less, in each project. Thus, the PHA could redistribute up to 5 units in any bedroom size for Project A and up to 12 and 4 units respectively, in any bedroom size for Projects B and C provided there is sufficient AC authority for each project to accomplish the desired changes. However, if the proposed redistribution results in either a net increase of more than 12 units or a change in household type of more than 12 units in a project, it would require the approval of HUD and the local governing body.

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b. HUD review of PHA requests for unit redistribution. If the PHA wishes to change the unit distribution in excess of any of the above limitations, it must submit a written request to the Field Office. Such a request shall be accompanied by an explanation of the reasons why the currently approved units cannot be leased or moderately rehabilitated, the actions taken by the PHA to overcome those difficulties, and the impact on providing housing for the needy population as defined in the Housing Assistance Plan or other pertinent documents. The AHMB shall coordinate the review responsibilities for such a request which are as follows:

(1) The AHMB shall evaluate the actions taken by the PHA to lease or moderately rehabilitate the units as originally approved, and the Financial Management Analyst shall determine whether the proposed redistribution is within the AC amount.

- (2) EMAD shall evaluate the proposed unit redistribution and elderly, family, large family mix to determine whether the proposed changes are responsive to the housing assistance needs and goals specified in the Housing Assistance Plan or, where there is no Housing Assistance Plan, to determine whether the proposed changes are responsive to the housing assistance needs of lower-income families residing in the area. EMAD shall also determine if the proposed redistribution is feasible in relation to the housing stock in the PHA jurisdiction.

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- c. Where the proposed unit redistribution results in a proposed AC amount equal to or less than the approved AC amount for an Existing Housing Program or Moderate Rehabilitation project, and the request is approvable, the AHMB shall prepare a letter for the Area Manager's signature amending the bedroom distribution.

(1) If the redistribution of the units results in \$3,000 or more of unused contract authority (the approved AC amount less the AC amount necessary for the unit redistribution) for an Existing Housing Program or each Moderate Rehabilitation project, the Field Office should authorize, in the letter amendment, additional units for the program or project up to the approved AC amount.

(2) If the redistribution of units results in unused contract authority of less than \$3,000, the Field Office is not required to authorize additional units. If the PHA does not wish to utilize the excess contract authority in the amount of \$3,000 or more for additional units, the amount shall be recaptured in accordance with paragraph 6-3 f below. Any letter changing the number of units authorized in an ACC shall be routed through the MHR. PC&R shall notify RAD prior to the Area Manager's approval. A copy shall be given to Field Office Counsel for the ACC file. Letter amendments shall be reflected on an amended ACC, Part I, when the next amendment is prepared for any purpose.

d. If the total number of units in an Existing Housing Program or Moderate Rehabilitation project is increased by more than 12 units or if the change in unit mix results in a change of more than 12 units of a particular household type, review and comment by the unit of general local government will be required in accordance with 24 CFR Part 891. PHAs are encouraged to submit comments of the chief executive of the unit of local government to the Field Office at the same time they submit a request for redistribution. If the comments are not submitted*

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*(6-3) with the request, the Field Office shall notify the unit of local government in accordance with procedures in Chapter 3.

e.If the proposed redistribution exceeds the approved AC amount for an Existing Housing Program or a Moderate Rehabilitation project, the DDHM shall consult with the DDHD to determine whether additional contract and budget authority can be made available.

(1)If additional contract and budget authority is available, the AHMB shall prepare an amended List for each project being amended, utilizing the FMRs on the approved List and submit it to PC&R for processing. PC&R shall process the amended List for the Area Manager's approval. Budget authority shall be calculated as in paragraphs 6-2 b (4) or c (4) above. Field Office Counsel shall prepare an amendment to the ACC. The Field Office shall verify any increase in contract and budget authority with RAD.

Example: Redistribution Increasing the Number of Units

A PHA has an executed ACC with 100 3BR units (\$200 FMR) and 100 4BR units (\$250 FMR). Total contract authority in ACC:

$$\begin{array}{r} 100 \times \$200 \times 12 = \$240,000 \\ 100 \times \$250 \times 12 = \$300,000 \\ \hline \$540,000 \end{array}$$

The PHA has had difficulty in leasing 4BR units and now proposes to redistribute 25 4BR units to 3BR units. The proposed redistribution is calculated as follows:

$$\begin{array}{r} 125 \times \$200 \times 12 = \$300,000 \\ 75 \times \$250 \times 12 = \$225,000 \\ \hline \$525,000 \end{array}$$

Since the redistribution will result in in excess of \$15,000 in contract authority, this amount should be utilized for additional units for this program. In this example, an additional 6 3BR units could be authorized as shown by the following calculation:

$$\begin{array}{r} 131 \times \$200 \times 12 = \$314,400 \\ 75 \times \$250 \times 12 = \$225,000 \\ \hline \$539,400 \end{array} \quad \text{(Revised}$$

total

contract authority) *

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- (2) If additional contract and/or budget authority is not available, the redistribution shall be funded through the elimination of units. The AHMB shall prepare a letter outlining the bedroom redistribution for the Area Manager's approval. Any letter decreasing the number of units authorized in an ACC for an Existing Housing Program or Moderate Rehabilitation project shall be routed through the MHR and verified with RAD prior to the Area Manager's approval.

Example: Redistribution Decreasing the Number of Units

A PHA has an executed ACC with 100 3BR units (\$245 FMR) and 100 4BR units (\$278 FMR). Total contract authority in ACC:

$$\begin{array}{r} 100 \times \$245 \times 12 = \$294,000 \\ 100 \times \$278 \times 12 = \$333,600 \\ \hline \$627,600 \end{array}$$

The PHA receives a much larger percentage of applicants for 4BR units than for 3BR units and now proposes to redistribute 20 3BR units to 4BR units. The proposed redistribution is calculated as follows:

$$\begin{array}{r} 80 \times \$245 \times 12 = \$235,200 \\ 120 \times \$278 \times 12 = \$400,320 \\ \hline \$635,520 \end{array}$$

HM requests the additional contract and budget authority from HD but is informed none is available. Therefore in order to make the increase of 20 4BR units possible, three more 3BR units must be eliminated as shown by the following calculation:

$$\begin{array}{r} 77 \times \$245 \times 12 = \$226,380 \\ 120 \times \$278 \times 12 = \$400,320 \\ \hline \$626,700* \end{array}$$

f.Changes In the Amount of AC authority. The Financial Management Analyst, in reviewing the Form HUD-52673, Estimate of Total Required Annual Contributions, shall determine if the AC amount is sufficient for the following year. This procedure obviates any need for the PHA to balance very low income families with lower income families.

(1)For the Existing Housing Program: If the sum of the ACC Reserve Account and the AC available (line 05, Form HUD-52673) is less than the AC required (line 12, Form

HUD-52673), HM shall recommend to HD that an amended

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(6-3) List or Lists for the program be approved to provide the additional authority required.

(2)For the Moderate Rehabilitation Program: Reserved.

(3)If the necessary contract and budget authority is not available in the Field Office, the AHMB shall prepare a memorandum for the Area Manager's signature to the Regional Administrator requesting the necessary authority in order to fulfill HUD's obligations under the ACC. If feasible, the Regional Administrator shall provide the required authority from unused authority from another Field Office in the Region in accordance with 24 CFR Part 891. If unused authority is not available, the Regional Administrator shall submit a request to Headquarters: Attention: Director, Office of Housing Operations and Field Monitoring, to utilize authority from the Headquarter's reserve.

(4)When contract and budget authority is made available, AHMB shall prepare an amended List and submit it to PC&R for processing. The Gross Rents in Column (4) of the List shall reflect the per unit amounts required to provide the necessary contract authority. Budget authority shall be calculated in accordance with paragraph 6-2 b (4) for Existing Housing and 6-2 c (4) for Moderate Rehabilitation.

g.Termination or reduction in the scope of a Program. If in monitoring the leasing or rehabilitation progress pursuant to paragraph 5-5, the Housing Director determines that an Existing Housing Program or Moderate Rehabilitation project(s) should be terminated or reduced in accordance with the ACC:

(1)AHMB shall prepare an amended List for the Area Manager's approval and submit it to PC&R for processing. The amended List shall reflect any remaining units and the Gross Rents in Column 4 of the previous List.

(2)Field Office Counsel shall amend or terminate the ACC.

(3)Prior to considering a subsequent application for additional units from this PHA, the AHMB shall conduct the reviews described in Chapter 5 to determine whether the PHA has remedied the deficiencies which led to the reduction in the scope of the initial Program or project(s).